



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2017 Biennium

<b>Bill #</b>	SB0003	<b>Title:</b>	Revise workers' comp impairment level for vocational rehabilitation benefits
<b>Primary Sponsor:</b>	Facey, Tom	<b>Status:</b>	As Introduced

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input type="checkbox"/> Needs to be included in HB 2  | <input type="checkbox"/> Technical Concerns              |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
Proprietary (06)	\$350,000-\$750,000	\$350,000-\$750,000	\$350,000-\$750,000	\$350,000-\$750,000
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
Proprietary (06)	\$350,000-\$750,000	\$350,000-\$750,000	\$350,000-\$750,000	\$350,000-\$750,000
<b>Net Impact-General Fund Balance:</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**Description of fiscal impact:** The bill lowers the threshold of impairment required for an injured worker, with no actual wage loss, to be eligible for vocational rehabilitation benefits from a whole person impairment rating to 10% from 15%. The bill will provide for vocational rehabilitation benefits to be paid to injured workers, with no actual wage loss, who currently have impairment ratings between 10% and 14% and who are not currently eligible for vocational rehabilitation benefits.

### FISCAL ANALYSIS

#### Assumptions:

#### **Montana State Fund**

1. The National Council on Compensation Insurance (NCCI) completed a preliminary analysis of this legislation and estimated that expanding the eligibility for vocational rehabilitation benefits as proposed would result in a negligible impact to the total workers compensation costs in Montana.
2. NCCI's preliminary analysis was limited to vocational rehabilitation benefit payments as a ratio of permanent partial disability indemnity cost. This estimation does not include costs Montana State Fund (MSF) pays directly to schools and vocational rehabilitation providers.
3. MSF had an average of 50 claims per accident year 2009 through 2013 that had an impairment rating between 10-14% with no actual wage loss.

4. MSF's analysis has determined a range of average vocational rehabilitation benefit payments to be between \$7,000 and \$15,000 per claim. To arrive at this average vocational rehabilitation cost per claim, the estimate considered the indemnity total and auxiliary rehabilitation benefit payments, as well as the benefit payments paid for school tuition, books, retraining, and other vocational rehabilitation expenses. MSF reviewed the average rehabilitation costs on claims with an impairment rating greater than or equal to 15% and no wage loss as these are the claims that will be most similar to the vocational rehabilitation claims that would be added as a result of this bill.
5. MSF estimates the total annual increase in vocational rehabilitation benefit payments to range between \$350,000 and \$750,000 per year.
6. Policyholder premiums will be adjusted over time as necessary to provide the additional revenue to support the increase in benefit payments. The estimated cost impact to MSF as a percentage of overall cost is 0.2% to 0.4%.
7. This legislation will apply to claims with a date of injury or occupational disease arising on or after July 1, 2015.

	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
<b><u>Fiscal Impact:</u></b>				
<b><u>Expenditures:</u></b>				
Benefits	\$350,000-\$750,000	\$350,000-\$750,000	\$350,000-\$750,000	\$350,000-\$750,000
<b>TOTAL Expenditures</b>	<u>\$350,000-\$750,000</u>	<u>\$350,000-\$750,000</u>	<u>\$350,000-\$750,000</u>	<u>\$350,000-\$750,000</u>
<b><u>Funding of Expenditures:</u></b>				
Proprietary (06)	\$350,000-\$750,000	\$350,000-\$750,000	\$350,000-\$750,000	\$350,000-\$750,000
<b>TOTAL Funding of Exp.</b>	<u>\$350,000-\$750,000</u>	<u>\$350,000-\$750,000</u>	<u>\$350,000-\$750,000</u>	<u>\$350,000-\$750,000</u>
<b><u>Revenues:</u></b>				
Proprietary (06)	\$350,000-\$750,000	\$350,000-\$750,000	\$350,000-\$750,000	\$350,000-\$750,000
<b>TOTAL Revenues</b>	<u>\$350,000-\$750,000</u>	<u>\$350,000-\$750,000</u>	<u>\$350,000-\$750,000</u>	<u>\$350,000-\$750,000</u>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
Proprietary (06)	\$0	\$0	\$0	\$0

  
Sponsor's Initials

  
Date

  
Budget Director's Initials

  
Date